

ACTION RECOMMENDATIONS FOR UNITED STATES

- Recognize that only increased Western cooperation on an energy policy toward Russia will succeed in forcing Moscow to adopt more transparent and market oriented energy policies.
- U.S. should engage in urgent consultations with the EU and bilaterally with allies regarding measures to counter Moscow's growing use of energy resources to coerce its neighbors in Central Europe. Some issues that could be discussed are:
 - o Impact on the security of Russia's neighbors and the West of the Kremlin's centralized control of the country's energy companies. Examine the degree to which Russian companies are in violation of Western competition, anti-trust and anti-monopoly laws.
 - o Measure that would provide Russia's Central European neighbors greater security of energy supply.
 - o Cooperation with Norway and other non-Russian gas regarding providing alternative supplies of gas to East Central Europe, and in creating a European-wide energy market.
 - o Accelerate pipeline construction, such as NSBUCCO, Caspian Sea Gas Pipeline and Odessa-Brody oil pipeline.
 - o Examine methods of sharing alternative and energy efficiency technologies developed by DOE and its European counterparts with Central European countries most dependent on energy imports.
 - o Draw up clear proposals to Central Europeans that would result in improved incentives for increased domestic and foreign investment in the energy sector.
- The U.S. Secretary of Energy, the EU's Director General of Transportation and Energy and Russian Energy Minister should meet at least biannually to talk about competition and monopoly use of facilities ownership and pipeline use. The goal of the meetings should be balance energy security for both export and import countries.
- The U.S. and EU could offer to share with Russia breakthroughs in energy technology as an incentive to greater cooperation in building a transparent and competitive energy market.

- Initiate U.S.-EU-German discussions regarding the impact of the Russian-German Northern Pipeline system on the security of Poland, the Baltic States and Western Europe. Could include an examination of the impact on Europe of additional downstream ownership by Gazprom of energy companies and facilities in Germany and other European states.
- Press for the implementation of energy investment policies that are reciprocal. Russian ownership in upstream and downstream operations should be limited to minority shares as long as the same situation exists for Western firms in Russia.
- Russia should be required to implement the Energy Charter, and particularly the Transit Protocol, as a requirement for WTO membership. This could reduce the coercive nature of Russia's pipeline politics.
- U.S. and European leaders should insure that they have realistic expectations of regarding the timetable for significant additional supplies of Russian oil and gas reaching the world market. Some statements by Western leaders indicate that they are not familiar with recent slowdowns in the growth of Russian production, or are aware that much higher world energy prices provide an incentive to stabilize production at lower levels than would be the case with lower prices.